

## Establishing a Scholarship Fund

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When you establish a Scholarship Fund with Communities Foundation of Texas (CFT), you give countless students the opportunity to pursue their dreams while achieving your own charitable goals. Whether you want to establish a personal, family or corporate legacy, give back to your community or honor your Alma Mater, CFT will work with you to create a scholarship that is uniquely your own.

### **YOUR GIFT**

Your CFT Scholarship Fund may be either Endowed or Non-Endowed. Endowed Scholarship Funds require a minimum initial gift of \$250,000, to be maintained in perpetuity, while Non-Endowed Scholarship Funds require a minimum initial gift of \$100,000.

### **YOUR CHOICE**

CFT will work with you to draft scholarship criteria that meet your specific objectives. Scholarships can be crafted in a variety of ways, including but not limited to:

- Students with demonstrated academic ability and/or financial need
- Students from a particular geographical area (i.e. your hometown, Dallas County, etc.)
- Students attending a specific institution (i.e. your alma mater)
- Students concentrating on a particular field of study
- Students from underserved communities

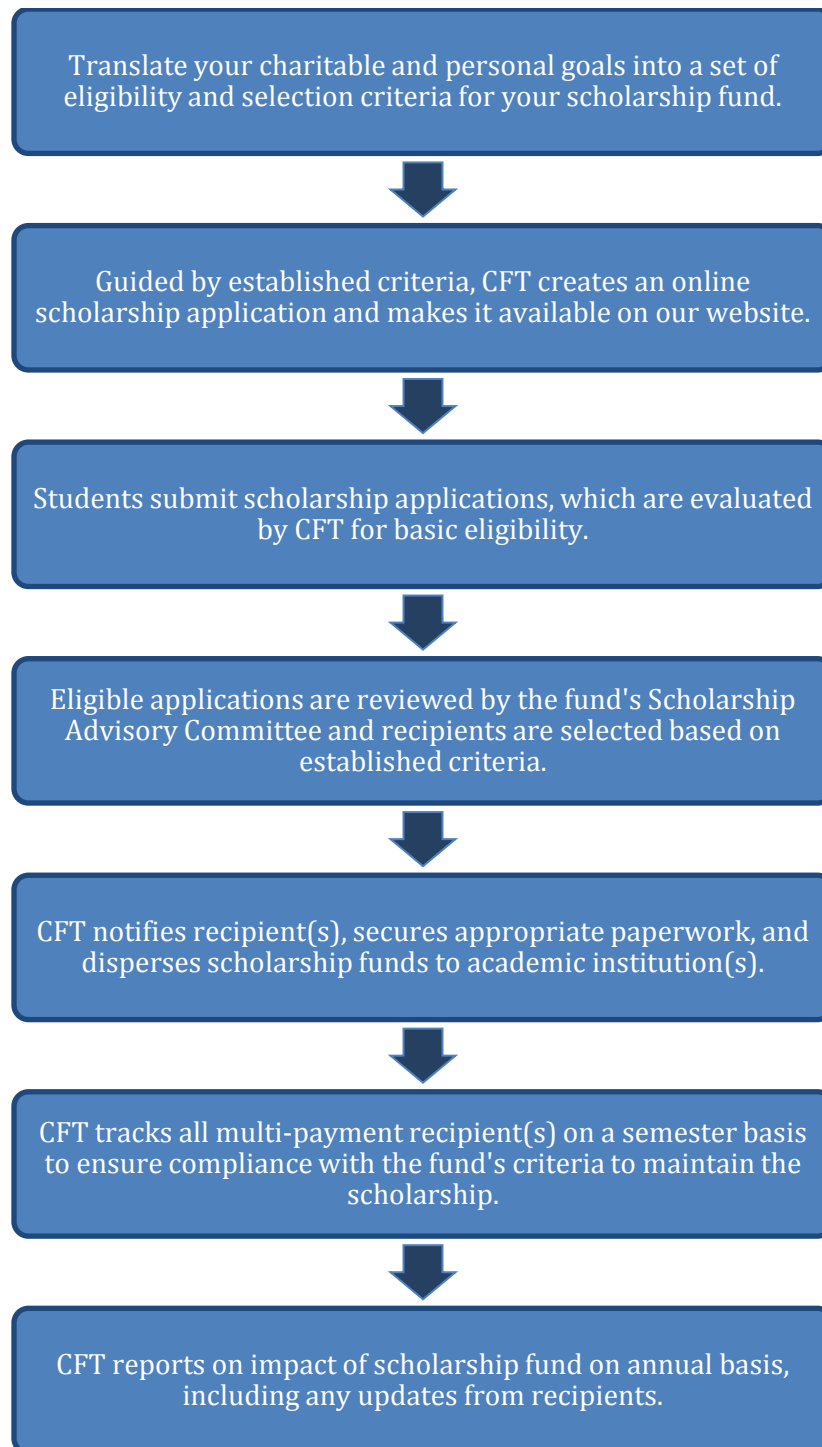
Many donors also choose to actively participate in the selection of scholarship recipients by becoming a member of their scholarship's Advisory Committee. With your input, the CFT Board of Trustees appoints this committee and relies on its input to award scholarships from your fund, according to your stated criteria.

### **OUR SUPPORT; YOUR LEGACY**

CFT can provide complete administration of your Scholarship Fund, including publicizing the scholarship, creating, managing and processing applications through our online application portal, organizing and convening selection committees, evaluating candidates, and communicating with scholarship recipients. CFT also provides annual reports on your Scholarship Fund, so you can track your legacy as it grows over the years.

## HOW IT WORKS

CFT partners with donors at every stage in the scholarship process (as desired by the donor), from the initial fund agreement, which outlines the eligibility and selection criteria, to making awards and reporting their impact:





## **SCHOLARSHIP ADMINISTRATION**

CFT can provide complete administration of your Scholarship Fund, including, but not limited to:

- Fund asset management
- Development of scholarship parameters
- Development of Terms and Conditions and other related administration documents
- Scholarship promotion to appropriate parties and institutions
- Response to all scholarship-related inquiries
- Application collection through online platform
- Coordination and management of scholarship selection committee process
- Participation on selection committee, as needed
- Pre-screening of applications for basic eligibility
- Recipient and applicant notifications
- Payment processing
- Due diligence related to institution receiving payment
- Terms and Conditions verification for initial and any recurring payments
- Scholarship recipient reporting to donor

## **SPECIAL REQUIREMENTS & CONSIDERATIONS**

Because Scholarship Funds benefit individuals, rather than nonprofit organizations, they are governed by special rules and legal requirements. CFT works diligently to ensure all funds comply with these regulations, while still fulfilling their charitable goals.

Scholarship Funds at CFT are structured and administered according to a Trustee-approved uniform procedure for creating, awarding, and administering scholarships. Scholarships must be open to a broad, charitable class and awarded on an objective and non-discriminatory basis. Award eligibility is limited to students who are not CFT Trustees, staff, donors, advisors, committee members, or related parties.

The CFT Board of Trustees appoints an advisory committee for each Scholarship Fund and selects recipients based on each committee's recommendations. Donors may recommend members of their fund's advisory committee and may serve as members themselves as long as they (and any related parties) do not comprise a majority of the committee. No donor, Advisory Committee member, or anyone related to the fund's advisors can receive a material benefit from any grant distributed from the fund.

Once scholarship decisions are made, CFT disburses scholarship funds to the academic institution(s) that recipients will attend. Scholarship monies are never awarded directly to individual students.



**FEE SCHEDULE FOR SCHOLARSHIP FUNDS**

CFT fees offset the costs associated with administering a fund at CFT. Fees help pay professional services and sustain the work of CFT within the community. These costs include the recordkeeping of each fund as well as staff time devoted to investment oversight and grant-making. Fees are reviewed annually. CFT may adjust fees as appropriate, at its discretion. *Fees are assessed monthly.*

Annual Service Fees:

Fair Market Value	Service Fee	EXAMPLE	
		Fund Balance	Fee Assessed
Up to \$1,000,000	1.00%	\$100,000	\$1,000
From \$1,000,000 to \$3,000,000	0.60%	\$2,000,000	\$16,000
From \$3,000,000 +	0.40%	\$8,000,000	\$42,000

Note: There is a minimum monthly fee of \$250.

Assets which are granted from any fund sooner than 90 days after receipt of the assets by the foundation may be subject to a 1% pass-through fee.

Investment Management Fees:

Each fund pays 30 basis points per year to defray the costs of managing our investment platform, with the exception of those funds invested in cash and/or short-term funds, which pay 5 basis points per year. In addition, fees from money managers and custodians are charged pro-rata to each fund. On average, these fees range from approximately 40 to 80 basis points per year.

Additional Fees:

In addition to investment fees described above, Scholarship Funds are subject to a minimum monthly fee of \$250/month, commensurate with additional administrative requirements.

Other Expenses:

CFT may apply specific related legal and other expenses in connection with the creation and administration of the fund or unusual out-of-pocket expenses related to the operation of the fund. This can include, but is not limited to, credit-card fees, brokers, agents, or other fees for liquidating stocks or other management-intensive assets (such as real estate). These additional expenses will be directly charged to the fund.